

CHAPTER 10

MISCELLANEOUS

1001 INTERNATIONAL BALANCE OF PAYMENTS (IBOP) PROGRAM. All nonappropriated fund instrumentalities (NAFIs) are subject to the International Balance of Payments (IBOP) requirements in DoD Directive 7060.1 and DoD Instruction 7060.2. Those requirements will be eventually incorporated into Volume 3 of this regulation. Until then, NAF accounting offices should follow the requirements in the appropriate appendix.

1002 AUDITS

100201 Policy. It is DoD policy to provide adequate audit coverage of NAFIs. The primary objectives of such audits shall be to determine whether internal control systems are adequate, resources are safeguarded and managed economically and efficiently, and desired program results are achieved. Particular attention should be placed on identifying potential fraud, waste, or abuse in operations. To the extent possible, audits should be conducted on a system or functional basis, rather than on an activity basis, and the reliability and accuracy of ADP systems should be verified. The results of such system or functional audits should be made available to the NAFI community in the form of reports and/or internal control checklists. Department of Defense personnel, rather than certified public accounting firms, should be used for audits involving potential fraud or other serious improprieties.

100202 Scheduled Audits. Activities will normally be audited annually or as directed by the DoD Component heads. Audits may also be scheduled whenever circumstances warrant or directives require them. Policies regarding the audit of nonappropriated funds and related activities are prescribed in DoD Instruction 7600.6.

1003 C A S H M E T H O D O F ACCOUNTING

100301 General. This section prescribes a uniform cash method of accounting and reporting system applicable to small NAFIs. These procedures represent a single entry cash basis system of accounting and prescribe statements which will reflect the financial condition of the various activities on a standardized basis.

100302 Scope. NAFIs are required to use the accrual method of accounting unless specifically authorized by the DoD Components to use the cash method of accounting.

100303 Definitions. For the purpose of this section, the following definitions apply.

A. Income - All cash receipts.

B. Expenditures - Cash spent for authorized transactions.

C. Net Worth - The total of the fund at a given date, i.e., cash in bank, cash on hand, petty cash, and other authorized investments.

D. Non-expendable Property - Property which ordinarily retains its original identity during use, has a unit acquisition value of \$1,000 or more; and a life expectancy of two years or more. (Examples: furniture, pool table, television.)

E. Expendable Property - Property which has a unit value of less than \$1,000 and/or supplies and materials which are immediately consumed in use or become incorporated in other property, thus losing their separate identities. (Examples: Radio and TV tubes, baseballs, food and equipment valued below \$1,000.)

F. Cash Basis of Accounting - That system where only those transactions involving cash are recorded in the books of account.

100307 Petty Cash. A petty cash fund may be established when authorized by the installation commander. See paragraph 030201.

100308 Property and Equipment. Any property or equipment that is purchased with non-appropriated funds will be expensed at the time of purchase. Two types of property/equipment can be purchased, nonexpendable and expendable. However, for control purposes, only nonexpendable items need be accounted for on a property equipment inventory record unless otherwise directed.

100309 Non-Expendable Property Inventory. An annual physical inventory will be required of all non-expendable property owned. Quantities counted must be reconciled with quantities which appear on the stock records and the dollar value listed on the property/equipment inventory records. Discrepancies between the physical inventory and the property records will be investigated and reported to NAFI management on a timely manner. Adjustments will not be made until approved by the installation commander or a designated individual.

100310 Reporting Requirements. Activities will be advised of the applicable reports and reporting requirements by their program manager.